C 3935-1

Folio:

MAY 1981

THE MAGAZINE FOR MAGAZINE MANAGEMENT

THE PERSONALIZED MAGAZINE
SPECIAL REPORT:
THE CABLE TV CONNECTION
POSTAL RATE UPDATE
REGIONALIZING YOUR EDITORIAL

BEST AVAILABLE COPY

MAY 1981 VOL. 10 NO. 5

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

Special Section
1981 Directory of magazine suppliers. Page 109.

UPDATE

Management

Demand-printing could provide economical reprints, monographs . . . Three major magazine publishing companies announce video plans . . . Bankruptcy code puts pressure on publishers to collect quickly. Page 4.

Single-Copy Sales

Wholesalers fear trend to cutting off-cover discounts . . . Wholesalers report new surge of outdated copies into market. Page 16.

Postal Rates

Controlled magazines moving to second to get 10%-15% increases . . . 27% postal increase for Red-Taggers delayed until ? Page 26.

Production

Printers, snared by inflation, competition, focus on productivity . . . Int'l magazine printing shifting overseas due to postal rate hike. Page 35.

Advertising Sales

Organize for effective use of sales time . . . Inside selling opportunities often overlooked. Page 42.

Editorial

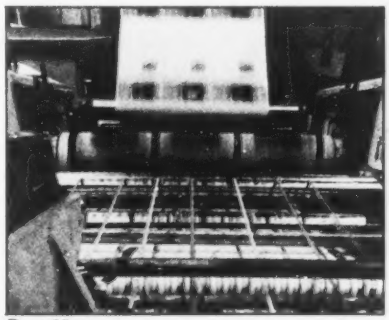
Editors' productivity tracked by 'weighted' system at Technical . . . $5,000 awards acknowledge editorial excellence at CBS. Page 52.

Magazine Watch

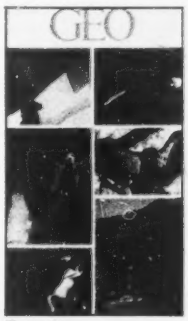
New magazines . . . Mergers & acquisitions . . . Ceased publication . . . Name changes. Page 57.

FACES

Charles Mandel of *Science Digest*. 65
Joseph Ruskin of McGraw-Hill. . . 68



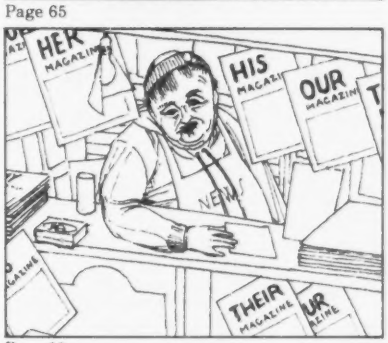
Page 35



Page 84

Page 52

Page 65



Page 83

FEATURES

Special report: The cable TV connection

By Barbara Love
More and more publishers seem to be getting involved in cable TV lately. What opportunities, if any, exist for magazines in this new medium? To find out, FOLIO talked with two dozen experts from the fields of publishing, advertising and cable. Page 70.

Regionalizing your editorial

By John Fry
How does a national consumer magazine cope with the growing competition from regional magazines? If the editorial content can be geographically subdivided, then regionalization may be the answer. Page 78.

The personalized magazine

By Chip Block
If publishers are to survive in the current economic climate, they must find new ways to expand operating margins. The key to survival, says the author, is the personalized magazine. Page 81.

Editorial training

By Loy Wiley
Training editors involves more than encouraging them to perfect their skills as wordsmiths. Page 91.

COLUMNISTS

John Peter on design. 84
Eliot Schein on direct mail. 87
John Klingel on circulation. 95
Jeffery Parnau on production. 96
Ron Scott on single-copy sales. . . 100

DEPARTMENTS

Calendar. 62
Classified. 235
Publishers marketplace. 236
Pub. rep. directory. 46

Cover design: Steve Phillips

be shredded (or, if the publisher does not accept affidavits, the copies should be returned for credit).

Resale of copies obtained in this way violates the rights of national distributors, to whom legal ownership of the magazines reverts once return credits have been granted, Mackay asserts.

A court case is now underway in which several national distributors, the International Periodical Distributors Association (IPDA) and some wholesalers are being sued by one poly-bag distributor who claims that retailers were told that the poly-bag magazines were stolen and therefore should not be purchased, Mackay notes. The legal status of copies diverted from the distribution system and other issues in the outdated copy area may be clarified by this case, he says.

The second possible source of outdated magazines is publishers themselves, according to Mackay, who says he believes there are indications that publishers are responsible for the current surge of outdated magazine copies into the market.

"Although no one has any hard figures on this problem, it seems clear that there are unusually large numbers of poly-bagged magazines appearing in stores now," he asserts. "Such large volumes would tend to indicate that publishers are the source of these copies, since the number of copies that could be diverted from individual wholesale agencies is fairly modest. Also, many of these magazines are relatively recent—three- to six-months old—and in mint condition, with covers still on. This suggests that some publishers are keeping undistributed excess copies in warehouses and releasing them into the poly-bag industry three- to six-months after issue off-sale dates.

"These publishers reason, I suppose, that by waiting and then selling these remainder copies, they can recoup some of their publishing costs," Mackay continues. "It's possible that in some cases publishers intend for these remainder copies to be sold overseas, and the copies are diverted and never make it overseas—or are sent back here as soon as they arrive overseas."

Whatever the source, wholesalers agree that poly-bag copies are damaging to them and to publishers. One way poly-bag magazines hurt wholesalers is by turning up in wholesalers' agencies as improper returns. If the wholesaler's system cannot detect that a given copy is not one which that agency distributed, the wholesaler may credit the retailer, but then be denied a credit in turn by the national distributor when the improper return is detected at that level. Even if both the wholesaler and the national distributor fail to detect the improper return, and the wholesaler is credited for it, the wholesaler loses money because of the high cost of handling returns, Mackay says.

Both wholesalers and publishers are hurt by poly bags on an even more far-ranging level, the wholesalers say.

"These magazines destroy the market for the wholesaler," says Harrington. "If you're a consumer and you're not interested in the recency of the magazine—as is true for many buyers of men's sophisticates—and you can get the older magazine issue at maybe one-third the price of a new one, why buy the new one?"

Mackay, who says that magazines that sell for $2.50 new are sometimes sold for as little as three for $1.25 in poly bags, contends that publishers who sell copies to poly-bag distributors are not only committing "a grievous breach of accepted industry practices," but also damaging their own markets.

"This may very well not be the exhibition of good business sense which some publishers believe it to be," he says. "There has to be some business damage and loss involved when old issues of a magazine are competing with the new one on the stands."

Magazines' share of wholesalers' business increasing

New York City—Magazines are steadily increasing their share of wholesalers' business, according to the most recent Council for Periodical Distributors Associations (CPDA) Performance Analysis Report.

The report, containing financial data on wholesalers for 1979, shows that magazines' percentage of wholesalers' business increased in 1979 for the second consecutive year. Magazines' percentage of total wholesaler sales was 69.44 percent in 1977, 72.82 percent in 1978, and 76.11 percent in 1979, according to the figures published in *CPDA News*.

CPDA president Roy Newborn attributes magazines' growing portion of wholesalers' business to gains of display space made by the magazine industry, space acquired by going into new outlets and by establish-

Heard any good quotes lately?

If you will send a copy of your magazine along with some basic data to Gibbs-Inman, we'll be happy to send you our estimate for printing your magazine. And it may very well be better than any quote you've heard lately.

You see at Gibbs-Inman, we run a smooth and efficient printing operation—from typesetting to mailing. That keeps our costs—and your costs—down.

And we've been in business for 73 years. (Our current client roster consists of more than 50 consumer and business magazines with press runs up to 200,000.) So we know publication printing inside and out. Like how important it is to hold the press for that last page of advertising. Or how critical fast turnaround is to a magazine publisher who has a mailing deadline to meet.

So why not send us a copy of your magazine along with the coupon below. You'll probably get back the best quote you've heard in a long time.

Lloyd L. Lewis
Gibbs-Inman Company
P.O. Box 32030
Louisville, Kentucky 40232

Name _____
Company _____
Street _____
City _____
State _____ Zip _____
Telephone _____
Average Print run _____
Frequency _____

Wholesalers' product mix

	1977	1978	1979
Magazines as % of total sales	69.44	72.82	76.11
Books as % of total sales	23.40	22.45	19.45
Newspapers as % of total sales	5.72	4.15	3.68
Other products as % of total sales	1.44	.58	.76

*Data from reporting member wholesaler agencies of the Council for Periodical Distributors Associations. Source: *CPDA News*

ing expanded Family Reading Centers in existing ones. He also credits the food industry's "growing awareness of magazines' profit potential."

One marketing consultant to the publishing industry, however, says he believes the shift in wholesalers' product mix reflects declining sales of paperbacks rather than a significant increase in demand for magazines from retailers or consumers. "Magazine single-copy sales have been poor recently, but paperback sales are even worse," he says. Paperbacks' percentage of total wholesaler sales dropped from 23.40 percent in 1977 to 19.45 percent in 1979.

Newborn says that, while he has noted declines in paperback sales in the supermarkets serviced by his wholesaler agencies, paperback sales are increasing in his bookstores. A West Coast wholesaler has noticed the same pattern in that area, he notes.

Magazines' profit ranking in convenience stores down in 1980

East Northport, L.I.—Although magazines and paperbacks maintained their ranking for sales revenue among other product categories in convenience stores in 1980, they declined in profit ranking, according to an analysis recently published in *The Convenience Store Record.*

Magazines/paperbacks contributed only 1.7 percent to convenience stores' overall profit dollar growth in 1980, placing the category in fourteenth place among the 15 product categories analyzed. Moreover, this figure represents a decline from 1979's contribution of 2.8 percent, when magazines/paperbacks ranked twelfth among the 15 categories.

In terms of total profit dollars generated, magazines/paperbacks also gave a rather poor showing. Although the category gained in total profit dollars—from $103,990 in 1979 to $115,960 in 1980 (an increase of 11.5 percent)—this increase ranked fourteenth among the 15 categories studied. Only health & beauty aids, with an increase in profit dollars of 8.3 percent, ranked lower.

The magazine/paperback contribution to convenience stores' overall sales revenue growth was 4.2 percent in 1980; the category ranked eighth among the 15 analyzed. This is an improvement from 1979's 3.7 percent contribution to sales revenue growth for magazines/paperbacks, when the category was ranked eleventh.

In terms of total sales dollars, magazines ranked eighth among the 15 categories in both 1979 and 1980. Sales revenue from magazines/paperbacks rose from $439,950 in 1979 to $520,000 in 1980. This represents a gain of 18.2 percent.

The gains of magazines/paperbacks in contribution to convenience stores' dollar sales growth and in total sales dollars reflect increases in cover prices rather than unit sales increases, according to Bill Ringler, publisher of *The Convenience Store Record*, a newsletter distributed to convenience stores, manufacturers, publishers, and various other segments within the publishing industry.

To do his analysis, Ringler used updated figures from *Progressive Grocer*'s database.

Total UPC scanning stores exceed 3,000

New York City—Universal Product Code (UPC) scanning, considered the key to obtaining faster, more accurate and more detailed information on magazine single-copy sales, is now being done in more than 3,000 supermarkets around the country.

The total number of scanning stores at the end of 1980 was 3,108, which represents an increase of 1,636 over 1979's total of 1,472, according to George Wright, president of Periodicals Identification and Processing Systems, Inc., a magazine and paperback identification consulting firm. Last year's increase

Do your readers keep your magazine?

Then sell them binders

And profit.

Smart publishers know that binders make money. Donker has been supplying publishers with custom-made binders for 16 years. Your magazine's binder will be designed to perfectly reflect the publication it holds.

Call Carl Anderson today for more information on how binders can be profitable for you.

Donker Products Inc.

312-782-7892

564 West Randolph Street
Chicago, IL 60606

Postal rates

Controlled magazines moving to second get 10%-15% increases

New York City—Controlled mailing status magazines, which are being merged into second class, are getting postal rate increases that fall generally between 10 percent to 15 percent.

The 10-percent to 15-percent increases (which take into account the use of pre-sorting to qualify for discounts) are relatively mild as compared with the 25-percent to 30-percent increases many formerly controlled magazines expected under the U.S. Postal Service's rate proposal for second class/non-expedited.

The Postal Rate Commission's (PRC) non-expedited second class rates were approved under protest, along with most of the PRC's other rates (see accompanying articles on exceptions: second class/expedited and third class regular bulk rates) by the U.S. Postal Service Board of Governors. Approved rates went into effect March 22.

Magazines in the controlled-to-second-class group include business magazines with primarily non-paid circulation (which are now in a new, second class subcategory called Alternative II), and normally second class paid-circulation business and consumer magazines that had switched to controlled mailing status to gain the temporary rate advantage that has existed for the past few years. The more than 800 magazines in the latter situation are moving back to second class under the new Alternative I subcategory.

Alternative I and II rates are essentially the same, with the exception that Alternative I magazines (those meeting existing paid-circulation and other requirements for second class) are eligible for lower rates on copies mailed in-county.

Eligibility requirements for Alternative II (including the stipulation that at least 50 percent of a magazine's circulation be requested) must be met by March 20, 1982. Magazines not meeting Alternative II eligibility requirements will have to

(Continued on page 32)

27% postal increase for Red-Tag mailers delayed until ?

Washington, D.C.—Expedited second class (Red Tag) magazines have been given at least a temporary stay from the average 27-percent rate increase they would be hit with under the Postal Rate Commission's (PRC) decision.

Although the U.S. Postal Service Board of Governors put most of the PRC's recommended new rates into effect under protest on March 22 (the exception being third class bulk rates, as explained in a separate article in this section), the Governors declared that the PRC's recommended Red Tag surcharge could not go into effect on that date.

The Governors pointed out that last August's decision that an expedited second class subclass should exist set June 1, 1981 as the effective date for that subclass. Therefore, because the subclass has not gone into effect, an expedited surcharge cannot yet be applied, the Governors said. They did not say what, if anything, they will do about the surcharge when the subclass does go into effect in June.

The Governors decided that expedited magazines should, at least for now, pay the same new rates as non-expedited second class magazines. Because the PRC's recommended rates for non-expedited magazines as adopted by the Postal Service assign those publications only a 1-percent average increase, expedited magazines are in a relatively comfortable rate situation, although they do not know for how long.

Under last August's decision, a 2.3-cent differential between the expedited and non-expedited subclasses (consisting of a 1.2-cent surcharge for expedited magazines and a 1.1-cent discount for non-expedited magazines) was to go into effect on the same date as the expedited subclass.

But in its February rate-case decision, the PRC recommended a 3.4-cent rate differential between the subclasses, using a cost-accounting method that the U.S. Postal Service

Publication delivery box score

Ordinary second class & controlled circulation publications*

October through December 1980

Zones	USPS service standard	Better than service standard	Service standard	1-3 days late	4-6 days late	7-10 days late	Later
1&2	4th Day	9%	11%	44%	20%	12%	4%
3	5th Day	11	17	46	12	6	8
4	6th Day	22	22	37	13	2	4
5	7th Day	15	16	35	22	7	5
6	8th Day	29	17	35	12	5	2
7	9th Day	33	12	33	14	7	1
8	10th Day	20	12	35	22	5	6
Composite	%	19%	16%	37%	17%	6%	5%

*Data based on experience of 17 business and consumer publications (including both large- and small-volume circulation publications) using available United States Postal Service surface transportation. Source: Red Tag News Publications Association, Inc.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cover 1, p. 3, 10, 14, 16,

46, 58, 60-61.